

Around Bombay Markets

Scrappy Trading

Thursday, Morning,

IN addition to Bakri-Id on Thursday and Tilak Centenary on Monday, the Stock Exchange remained closed on Tuesday also, to express sympathy for the unfortunate victims of the earthquake tragedy in Kutch. Therefore trading was scrappy, during the week but the undertone was one of quiet confidence. There was some profit-taking on Saturday when most of the scrips shed a few points from the highest touched during the previous week. But while market leaders like Tata Steel and Associated Cement declined on alternate bouts of profit-taking and selling pressure, there was notable demand both for National Rayon and Bombay Burmah. Evidence was not wanting that bulls had not relaxed their grip and that anticipation of inflationary pressure was a good standby for the stock markets these days.

Operators were jubilant about the outlook of cotton textiles. This led to a sizeable appreciation in selected mill shares like Kohinoor, Bombay Dyeing, Century and Finlay.

In the miscellaneous section, ACC closed a rupee lower at Rs. 192. Orissa Cement made a gross profit of over Rs. 59,60,000 in 1955 and the Directors have recommended a rise in dividend from 7½ per cent paid last year to 12½ per cent both tax free. Further, the Directors have decided to offer one share at par for every two held. "Looking to the prospects and the capital issue on bonus terms, i.e. at par, Orissa Cement should prove to be an active scrip in the Bombay market.

Cotton**Threat of U S Surplus**

IN the three days of trading during the week, cotton futures remained subdued with a slightly bearish trend. Jarilla lost six points on Saturday and closed at Rs. 664-12 as against Friday's closing of Rs. 671-4. A similar trend was noticed in the Vijay which closed at Rs. 819 as against Rs. 810. On Wednesday the trend was lower, and both Jarilla and Vijay declined further to Rs. 663-8 and Rs. 805-8 respectively, on fair weather reports.

The further scaling down by the U S Commodity Credit Corporation of its sales prices from 25.20 cents

to 25.12 cents per lb. has caused much concern to local cotton circles. Where would the CCC, then, draw the line? Backed up by the mandatory power given to it by the Farm Act, there is nothing to prevent the CCC from quoting lower and lower sales prices. In the circumstances, cotton markets the world over will have to absorb large volumes of U S cotton at steadily lower prices.

In fact, latest reports from Washington suggest that the U S Congress has already enlarged the scope of Public Law 480 and increased its authorisation by as much as J.5 billion dollars. Simultaneously, the U S Senate has also announced that it would permit the sale of cotton and other surplus commodities to Iron Curtain countries for dollars at competitive prices. It is interesting to note that barter arrangements against strategic materials also figure in this scheme.

Oilseeds**Futures Trading in Linseed**

A NOTABLE development, in the oilseeds market during the week was the commencement of futures trading in linseed after an interval of 12 years. The first transaction in linseed May 1957 delivery under the auspices of the Bombay Oilseeds Exchange was put through at Rs. 25-4 on July 20. The basic variety for the linseed contract is Bombay bold, and the unit of trading is 25 tons. There will be two delivery contracts for May and September.

In general, the oilseeds market was in better form and traders were able to make good their earlier losses. The undertone was quiet in the beginning but rates slowly picked up under the leadership of castors which gained strength from steadiness in the upcountry markets. True, no fresh export business has been reported in castor oil. But the fact that America is prepared to buy our oil has weighed heavily with the bulls who have gradually gained control of the market and have pushed put the bears. This apart, reports of a poor Brazilian crop also strengthened the hands of the bulls, who know that both Britain and Japan are also potential buyers of castor oil. With Japan, however, pending settlement of the foreign

exchange position, no deals are possible at the moment.

The steady trend in castorseeds helped groundnuts and other seeds to close on a note of sober optimism.

Bullion**Bull Bias**

THOUGH it is the slack season, the bulls in the bullion market have contrived to gain a firm grip on the market and have successfully exploited the paucity of stocks. Following sustained bull buying coupled with heavy short-covering, the Ashad delivery contract for gold improved during the course of the week to as high as Rs. 102-4 on Tuesday while the Shravan delivery was no less strong at Rs. 100-11.

The precise stock position, it is always difficult to know. A conservative estimate puts it at around 20,000 tolas of gold. With such low stocks the bears find it difficult to arrange delivery. The bulls, on their part, are in no position to take delivery, either. But they also know that they will not be asked to and have thus the upper hand. For stock, the market has to depend entirely on arrivals from upcountry as the only other source of supply, viz. smuggled gold, has been becoming increasingly weak, thanks to stricter vigilance on the part of the authorities.

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